[redacted] **Exxon Company USA**

Retail Partner Programs

1995 Retail Merchandising

1995 Retail Co-Marketing

R J Reynolds Tobacco Co.

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted] 1995 Merchandising Program - Pack Outlets

Program Comparison

Old Program	New Program
Industry Volume based	RJR Volume - Pay for performance
Volume ranges - Broad - Capped near trade average	Volume ranges - Multiple - Competitive in high volume accounts
Base requirements - 1 Full Price display - 1 Savings display - Enhanced sign	Base requirements - 2 Full Price display - 1 Savings display
Minimal additional signage requirement	Share of signage equal to RJR SOM
Enhancement option - Payment flexibility	Enhancement option - Payment flexibility
Component (stand alone) option	Component (stand alone) option - Payment flexibility
Minimum Volume requirement - 76 Industry CPW	Minimum Volume requirement - 100 Industry CPW - 17 RJR CPW

RJ Reynolds Tobacco Co.

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

1995 Merchandising Program Requirements
Pack Outlets *(continued)*

- **Provide RJR share of space equal to RJR share of market on carton merchandisers, if applicable. Minimum acceptable space as determined by an RJR Representative.**
- **Ensure RJR brands are represented in all price tiers as required.**
- **Ensure adequate quantity of RJR brands are maintained to minimize out of stock, including brands designated for display.**
- **Provide RJR equal opportunity to place temporary promotional displays and signage, as requested.**
- **Accept new RJR brand styles as requested by RJR Representative.**
- **RJR reserves the right for final approval of display / advertising sizes and locations.**

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted] 1995 Merchandising Program Requirements Pack Outlets

- **RJR Full Price Display in Primary Position**
- **RJR Full Price Display is in a 2nd, 3rd, or 4th Full Price Position**
- **RJR Savings Brand Display in a Primary Savings Position**
- **Display RJR "Lowest" brands, if applicable**
- **Provide RJR accurate volume information. Authorize primary and other suppliers to release brand style volume information to RJR.**
- **Provide RJR share of available signage (excluding signage on fixtures / displays) equal to RJR share of market.**

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted]

1995 Retail Merchandising Program
Potential Payments

RJR Cartons Weekly	S/S Stores	NSS Stores
17-26	$ 90	$ 60
27-35	$ 120	$ 81
36-42	$ 150	$ 100
43-48	$ 170	$ 114

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted]

1995 Retail Merchandising Program
Component Display Option

50% of Sales is Cigarettes

- **Full Price Display (16 minimum facings)**
- **Savings Display (24 minimum facings)**
- **Enhanced Sign**

RJR Cartons Weekly	S/S Stores	NSS Stores
17-42	$ 95	$ 90
43-67	$ 115	$ 110

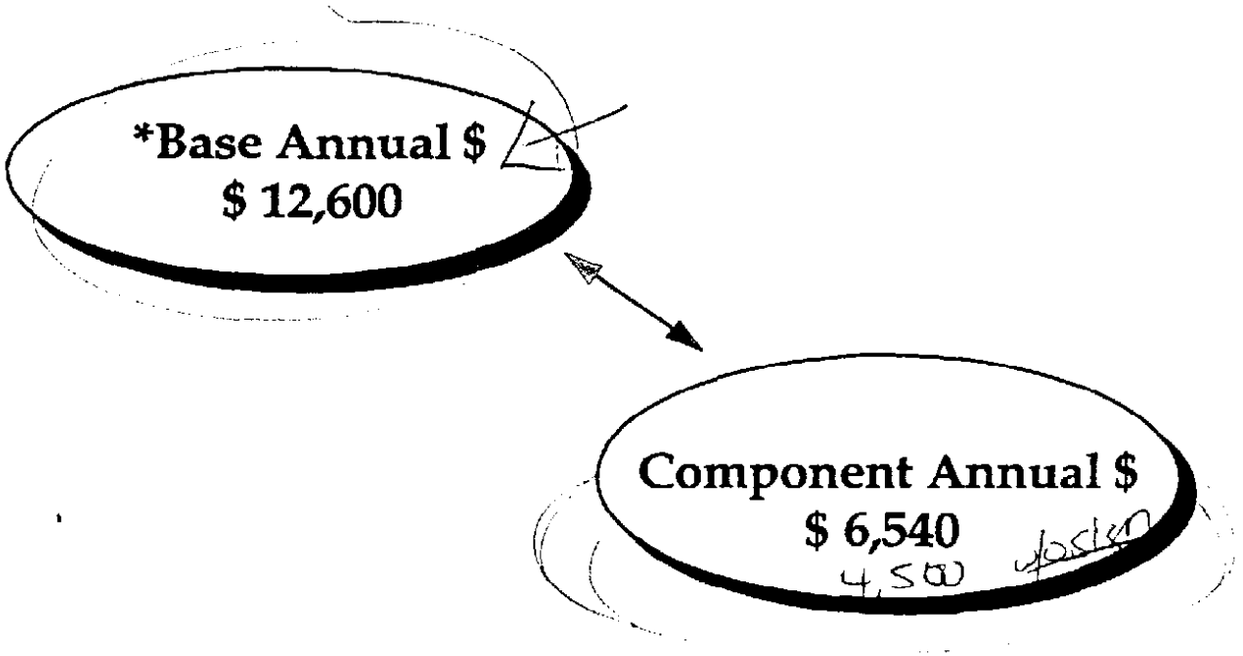
Note: Component Program does not qualify for RJR Co-Marketing Program.

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted]

1995 Retail Merchandising Program
(Comparison of Base vs. Component Programs)



* Base Program Annual Payment includes $ for sinage requirement. ($ 10,800 without signs) all figures for self-service.

• Last Quarter Payment= $ 1,695.

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

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1995 Co-Marketing Promotion Accrual Program

Co-Marketing Program Changes

Program Comparison	
Old Program	**New Program**
Industry Volume Based	RJR Volume Based
Large volume categories	Small volume categories
EDLP Accounts Only	EDLP Accounts - Tot Category Partner Non-EDLP Accounts - Merch. Partner
Primarily Defensive Activity (Discounting)	Offensive & Defensive Activity Premium Menu - Total Category Partner
No carryover of unused funds	Funds carryover with RJR approval (not to subsequent years)
Same Rate applied to all participants	Rates differ on partnership level - Total Category Partner - Maximum rate - Merchandising Partner - Lower rate
No Mandated Match	Match required for Merchandising Partner
No Promotional Platform Requirement	Promotional Platform required for both Carton & Cigarette Outlets

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted]

1995 Co-Marketing Promotion Accrual Program

Applies to both Pack and Carton Outlet Co-Marketers

Co-Marketing Partnership Definition	
Total Category Partner	**Merchandising Partner**
RJR Base Merchandising Elements	RJR Base Merchandising Elements
RJR Everyday Lowest Price in all applicable Price Tiers * (RJR may not be disadvantaged)	No RJR EDLP in all applicable Price Tiers *
Maximum per carton rate	Lower per carton rate
Premium Menu Option (RJR discretion)	No Premium Menu Option
Co-Marketing Base and Match options	Co-Marketing Match option only

* EDLP determined on a non-promoted basis

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted] 1995 Co-Marketing Accrual Program
Potential Payments

RJR Weekly Volume	RJR Only	RJR/Dealer Match
17-26	$ 20	$ 30
27-35	$ 28	$ 42
36-42	$ 34	$ 51

R.J. Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted]

1995 Retail Partners Program
Co-Marketing Annual $

Based on RJR weekly average volume: 17 cartons

Co-Marketing
$ 2,400

Co-Marketing
with retailer match
$ 3,600

~~* Total Annual $~~
$ 6,210
15,000

* Total Annual $ includes Base program + RJR Co-mkt match.

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

[redacted] The Co-Existence Strategy

Exposure
It takes all kinds of cigarettes to make the category #1.

Selection
The majority of cigarette consumers don't buy the best selling brand.

Co-Existence is Best For the Retailer

Inventory
Inventory doesn't sell cigarettes. Displays sell inventory.

Promotions
The more you do for your customers, the more you do for your sales.

Don't Sell Yourself Short !

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000

Business Recommendations

- Add second Full Price Display to qualify for Base Program. (total of three (3) displays per store).
- Add RJR lighted sign to all stores for additional money.
- Take full advantage of Co-Marketing Accrual Program as well as ongoing RJR Quarterly Promotions to increase business.

We look forward to working with you as a partner to achieve success in meeting the needs of our consumers and cigarette category objectives in 1995.

Thank You !

RJ Reynolds Tobacco Company

Source: https://www.industrydocuments.ucsf.edu/docs/tjky0000